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OFFICE OF SPECIAL ASSISTANTS  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

April 11, 2005

F. David Butler  
The Public Service Commission  
State of South Carolina  
Synergy Business Park  
1010 Executive Center Dr.  
Columbia, SC 29210-84111

Re: Matrix Telecom Inc.'s *Revised* Application for Authority to Operate as a Reseller  
of Local Exchange Telecommunications Services

Dear Mr. Butler:

In response to your letter of March 28, 2005 to Greg Taylor, enclosed please find a revised Application. Our correct name is Matrix Telecom, Inc., therefore the occurrence of Matrix Networks, LLC has been corrected to reflect our proper name. We have also removed the Motion for Leave to File Financial Information.

Enclosed you will find the original along with 11 copies. Also enclosed is a self-addressed shipping label with return envelope. Please return one file-stamped copy to us for our records.

If you have any questions, please feel free to contact Greg Taylor at 405/717-9612 or myself at 405/717-9634. Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Karen Harris".

Karen Harris  
Legal Assistant

173554

203 4-14-05

**BEFORE THE  
PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA**

**POSTED**  
F08041405

Application of	)	
	)	
Matrix Telecom, Inc.	)	Application No.
	)	
For a Certificate of Public Convenience and	)	<u>2005-98-C</u>
Necessity to Resell Local Exchange	)	
Telecommunications Services within the State	)	
of South Carolina	)	
	)	

**APPLICATION OF MATRIX TELECOM, INC. FOR A CERTIFICATE OF PUBLIC  
CONVENIENCE AND NECESSITY**

Greg Taylor, Esq.  
VP & General Counsel.  
300 N. Meridian  
Suite 200-N  
Oklahoma City, Oklahoma 73107  
Voice: (405) 717-9612  
Fax: (405) 951-6312

Counsel for Matrix Telecom, Inc.

April 11, 2005

BEFORE THE  
PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

Application of	)	
	)	
Matrix Telecom, Inc.	)	Application No.
	)	
For a Certificate of Public Convenience and	)	_____
Necessity to Resell Local Exchange	)	
Telecommunications Services within the State	)	
of South Carolina	)	
	)	

**APPLICATION OF MATRIX TELECOM, INC. FOR  
A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

Pursuant to the Public Service Commission of South Carolina's ("Commission") rules and regulations and the Commission's decisions authorizing competition in South Carolina's telecommunications markets, Matrix Telecom, Inc. ("Matrix" or "Applicant") hereby respectfully submits its application for authority to provide local exchange telecommunications services within the State of South Carolina. By the instant application, Matrix seeks certification as a Competitive Local Carrier ("CLEC").

Matrix requests authority to operate as a non-facilities based resale CLC in those exchanges where the Commission has authorized local competition. Matrix specifically requests resale authority only. At this time, Matrix requests authority to serve business and residential customers. In support of its application, Matrix submits the following information:

**1. Name and Address of Applicant**

Applicant's legal name is Matrix Telecom, Inc. Matrix is a Texas corporation, whose principal place of business is located at 300 North Meridian, Suite 200-N, Oklahoma City, Oklahoma 73107.

**2. Correspondence or Communications**

All correspondence or communications regarding this application should be addressed as follows:

Greg Taylor, Esq.  
VP & General Counsel.  
300 N. Meridian  
Suite 200-N  
Oklahoma City, Oklahoma 73107  
Voice: (405) 717-9612  
Fax: (405) 951-6312

Counsel for Matrix Telecom, Inc.

**3. Description of the Services to be Provided**

Matrix intends to resell all available incumbent local exchange carrier ("ILEC") services to all willing residential and business customers in the State of South Carolina.

**4. Articles of Incorporation**

Matrix Telecom, Inc. was originally a corporation incorporated in the State of Texas on June 13, 1990 under the name "Matrix Telecom, Inc." A copy of Matrix's certificate of formation and good standing issued by the Texas Secretary of State is attached hereto as Attachment "A"

Matrix has authority to transact business in the State of South Carolina. A certificate of good standing for Matrix issued by the South Carolina Secretary of State is attached hereto as Attachment "B".

**5. Financial Statements**

Matrix has attached hereto as Attachment "C" a copy of its financial statements as evidence of its more than sufficient financial resources and qualifications to provide the local exchange telecommunications services proposed herein within the State of South Carolina.

Matrix has submitted a motion concurrent with the filing of this application requesting confidential treatment of the above-referenced financial information, as such information is highly proprietary and competitively sensitive.

**6. Areas of Service and Commission's Standards**

Matrix seeks authority to provide local exchange service in those exchanges in which the Commission has authorized local competition and at service standards that the Commission may adopt and more particularly, each exchange in the following counties: Abbeville, Aiken, Allendale, Anderson, Bamberg, Barnwell, Beaufort, Berkeley, Calhoun, Charleston, Cherokee, Chester, Chesterfield, Clarendon, Colleton, Darlington, Dillon, Dorchester, Edgefield, Fairfield, Florence, Georgetown, Greenville, Greenwood, Hampton, Horry, Jasper, Kershaw, Lancaster, Laurens, Lee, Lexington, Marion, Marlboro, McCormick, Newberry, Oconee, Orangeburg, Pickens, Richland, Saluda, Spartanburg, Sumter, Union, Williamsburg, and York.

## **7. Facts Showing Public Convenience and Necessity**

The Commission grant of Matrix's application will serve the public interest. The Commission has determined that competition in the provision of local exchange telecommunications services is in the public interest. Competition in telecommunications markets previously served by a single provider will bring great benefit to the people of the State of South Carolina because it will lead to efficient pricing, improved service quality, expanded product and service capabilities, greater reliability and increased consumer choice.

Commission authorization of Matrix to operate as a local exchange telecommunications provider will result in an increase in the diversity of the supply of existing and future telecommunications services and products in the South Carolina telecommunications market. Increased choices among providers will promote competitively driven cost-based rates for telecommunications services. Further, Matrix, to the extent it may be required to do so by the Commission, will participate in the support of universally available telephone service at affordable rates.

Accordingly, Commission grant of Matrix's application is in the public interest because it will enhance competition, thereby generating the benefits that result from competition — such as customer choice, and a more efficient, innovative, technologically advanced, and a diversified telecommunications industry in the State of South Carolina, with attendant employment opportunities for South Carolina citizens.

**8. Proposed Rates**

Matrix will offer its services pursuant to tariff, on a non-discriminatory basis. A proposed initial tariff which contains a description of Matrix's proposed services, as well as the rates, terms and conditions for such services, is attached hereto as Attachment "D".

**9. Managerial and Technical Competence**

Matrix has the managerial and technical qualifications necessary to provide the services for which it seeks authority. Matrix's principals possess extensive experience in the telecommunications industry. Matrix currently operates as a reseller of intrastate interexchange (toll) telecommunications services within all states and has applied for authority in Hawaii. As of the date of this filing, Matrix has been granted authority to operate as a reseller of local exchange telecommunications services in the Texas, with applications pending in all other states. The services proposed in the pending applications are the same as those proposed herein. As evidence of its managerial and technical capabilities, Matrix has attached hereto as Attachment "E" biographies of the company principals who will have primary management responsibility for Matrix's business operations. These biographies demonstrate that Matrix possesses the requisite management and technical expertises provide the telecommunications services for which it seeks authority.

WHEREFORE, Matrix Telecom, Inc. respectfully requests that the Commission enter grant it authority to resell local exchange telecommunications services within the State of South Carolina.

Respectfully submitted,  
MATRIX TELECOM, INC.

By: 

Greg Taylor, Esq.  
VP & General Counsel.  
300 N. Meridian  
Suite 200-N  
Oklahoma City, Oklahoma 73107  
Voice: (405) 717-9612  
Fax: (405) 951-6312

Counsel for Matrix Telecom, Inc.

Dated: April 11, 2005





## Office of the Secretary of State

The undersigned, as Secretary of State of Texas, does hereby certify that the document, Articles Of Incorporation for MATRIX TELECOM, INC. (filing number: 115691500), a Domestic Business Corporation, was filed in this office on June 13, 1990.

It is further certified that the entity status in Texas is active.

## ATTACHMENT "A"

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on March 18, 2005.



A handwritten signature in cursive script that reads "Roger Williams".

Roger Williams  
Secretary of State

# *The State of South Carolina*



ATTACHMENT "B"

*Office of Secretary of State Mark Hammond*

## **Certificate of Authorization**

**I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:**

**MATRIX TELECOM, INC.,**

a corporation duly organized under the laws of the state of TEXAS and issued a certificate of authority to transact business in South Carolina on August 26th, 1994, has on the date hereof filed all reports due this office, paid all fees, taxes and penalties owed to the Secretary of State, that the Secretary of State has not mailed notice to the Corporation that its authority to transact business in South Carolina is subject to being revoked pursuant to Section 33-15-310 of the 1976 South Carolina Code, and no application for surrender of authority to do business in South Carolina has been filed in this office as of the date hereof.

Given under my Hand and the Great  
Seal of the State of South Carolina this  
23rd day of February, 2005.

A handwritten signature in cursive script that reads "Mark Hammond".  
Mark Hammond, Secretary of State

# Attachment "C"

Matrix Telecom, Inc.

Financial Statements

By Quarter, For Years 2002 – 2004



Matrix Telecom, Inc. (Consolidated)  
Balance Sheet  
Years of 2002 through 2004 - by Calendar Quarter

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

= ASSETS =

Current Assets

Cash	1,810	1,756	2,788	1,357	1,594	567	379	273	345	28	18	99
Accounts Receivable (Net of Allowance)	8,511	7,458	5,163	4,572	3,818	2,898	2,784	3,330	2,488	2,582	2,533	2,175
Prepaid & Other Current Assets	86	85	76	84	81	77	81	98	111	178	133	120
Total Current Assets	10,407	9,299	8,027	6,013	5,493	3,542	3,244	3,701	2,944	2,788	2,684	2,394

Fixed Assets

Property and Equipment	332	368	406	529	627	662	698	642	655	899	1,142	1,159
Less: Accumulated Depreciation	(104)	(128)	(161)	(201)	(245)	(293)	(347)	(365)	(417)	(487)	(566)	(645)
Net Fixed Assets	228	240	245	328	382	369	351	277	238	412	576	514

Other Assets

Due from Related Parties	8,091	5,909	2,085	1,309	882	486	319	133	94	36	26	13
Goodwill	10,746	10,746	10,746	-	32	32	32	32	32	32	32	1,485
Less: Accumulated Amortization	(4,609)	(5,140)	(5,671)	-	(539)	(1,079)	(1,785)	(5)	(8)	(10)	(11)	(13)
Total Other Assets	14,228	11,515	7,160	1,309	375	(561)	(1,434)	158	118	58	47	1,485

TOTAL ASSETS

	24,863	21,054	15,432	7,650	6,250	3,350	2,161	4,136	3,300	3,258	3,307	4,393
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= LIABILITIES & EQUITY =

Current Liabilities

Accounts & Accrued Payables	11,061	11,339	11,893	9,488	8,564	7,531	7,754	6,668	5,155	4,989	5,326	3,863
Due to Related Parties	8,433	5,997	1,050	863	950	863	951	323	237	387	433	641
Sales & Excise Taxes Payable	1,446	1,348	978	866	833	1,055	736	672	534	517	512	554
Deferred Revenue	601	919	762	512	839	319	318	957	319	610	602	664
Other Current Liabilities	(3)	-	-	-	-	10	10	10	-	-	-	-
Current Portion of Long-Term Debt	-	-	-	-	-	-	-	-	591	639	676	807
Total Current Liabilities	22,528	19,803	14,673	11,731	11,186	9,778	9,769	8,630	6,836	7,142	7,549	6,529

Non-Current Liabilities

Contingencies	84	84	134	-	-	-	-	-	968	879	924	148
Long-Term Debt	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	2,163
Subordinated Loan - Platinum Equity	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	1,997	1,997	2,047	1,913	1,913	1,913	1,913	1,913	2,881	2,792	2,837	2,311

Member/Stockholder Equity

Field in Capital	3,128	3,128	3,128	4,242	4,242	4,242	4,242	7,209	7,209	7,209	7,209	8,662
Retained Earnings	(852)	(852)	(852)	(852)	(10,237)	(10,237)	(10,237)	(10,237)	(13,616)	(13,616)	(13,616)	(13,616)
Current Period Income (Loss)	(1,938)	(2,822)	(3,564)	(9,384)	(854)	(2,346)	(3,526)	(3,379)	(10)	(289)	(672)	507
Total Member/Stockholder Equity	338	(546)	(1,288)	(5,994)	(6,849)	(8,341)	(9,521)	(6,408)	(6,417)	(6,676)	(7,079)	(4,447)
TOTAL LIABILITIES AND EQUITY	24,863	21,054	15,432	7,650	6,250	3,350	2,161	4,136	3,300	3,258	3,307	4,393

Matrix Telecom, Inc. (Consolidated)  
 Statements of Income  
 For the Years ending December 31, 2002 through 2004 - by Quarter

	2002				2003				2004				TOTALS		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2002	2003	2004
REVENUE															
COST OF SALES															
GROSS MARGIN															
OPERATING EXPENSES															
Salaries & Benefits	1,752	1,901	1,666	1,713	1,566	1,493	1,359	1,492	1,299	1,381	1,479	1,567	7,032	5,930	5,726
Back Office Services	2,526	1,839	1,832	1,196	1,467	1,297	1,186	654	544	513	456	364	7,393	4,604	1,877
Legal & Professional	294	313	262	465	212	234	226	401	127	138	133	124	1,334	1,073	522
Bad Debts	825	478	386	244	240	281	179	199	175	172	170	114	1,933	899	631
All Other	589	456	119	554	536	570	477	543	391	385	356	421	1,718	2,126	1,553
Total Operating Expenses	5,986	4,987	4,265	4,172	4,041	3,876	3,427	3,289	2,536	2,589	2,594	2,590	19,410	14,632	10,309
EBITDA	(853)	(18)	809	875	210	(232)	98	(1,016)	137	233	75	(23)	813	(940)	422
Amortization Expense	531	531	531	558	540	540	706	(1,780)	3	3	3	3	2,151	6	12
Depreciation Expense	23	25	33	40	45	47	54	54	53	69	80	78	121	200	280
OPERATING INCOME	(1,407)	(574)	245	277	(375)	(819)	(662)	710	81	161	(9)	(104)	(1,459)	(1,146)	130
OTHER INCOME (EXPENSE)															
Interest Income (Expense)	(26)	(27)	(24)	(23)	(29)	(30)	(30)	(28)	(43)	(68)	(43)	(61)	(100)	(117)	(215)
Impairment of Goodwill	-	-	-	(5,631)	-	-	-	-	-	-	-	-	(5,631)	-	-
Extinguishment of Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Op Payments to Affiliates	(1)	419	(389)	(175)	-	(171)	(60)	(53)	(46)	(52)	(52)	(70)	(146)	(284)	1,789
Gain (Loss) on Disposal of Assets	-	-	-	-	-	-	-	(31)	-	-	-	-	-	(31)	-
Purchase Royalties	(54)	(97)	(47)	(49)	-	-	-	-	-	-	-	-	-	-	-
Total Other Income (Expense)	(81)	295	(460)	(5,878)	(29)	(201)	(90)	(112)	(91)	(120)	(95)	1,658	(6,124)	(432)	1,352
Net Income Before Tax	(1,488)	(279)	(215)	(5,801)	(404)	(1,020)	(752)	598	(10)	41	(103)	1,554	(7,583)	(1,578)	1,482
Provision for Income Taxes	-	155	77	(231)	-	22	(22)	1	-	-	-	-	1	1	-
NET INCOME (LOSS)	(1,488)	(434)	(292)	(5,570)	(404)	(1,042)	(730)	597	(10)	41	(103)	1,554	(7,584)	(1,579)	1,482
Distributions - Platinum	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	-	(300)	(300)	(375)	(1,800)	(1,800)	(975)
NET INCOME (LOSS) AFTER DISTRIBUTIONS	(1,938)	(884)	(742)	(5,820)	(854)	(1,482)	(1,180)	147	(10)	(259)	(403)	1,179	(9,384)	(3,379)	507

**ATTACHMENT "D"**

**REGULATIONS AND SCHEDULE OF INTRASTATE CHARGES  
APPLYING TO RESOLD LOCAL EXCHANGE SERVICES FURNISHED  
BY  
MATRIX TELECOM, INC  
WITHIN THE  
STATE OF SOUTH CAROLINA**

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**Issued:**

**Effective:**

**Issued By:**

Greg Taylor, House Counsel  
Matrix Telecom, Inc.  
300 North Meridian, Suite 200 North  
Oklahoma City, OK 73107

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**Issued:** **Effective:**

**Issued By:** Greg Taylor, House Counsel  
Matrix Telecom, Inc.  
300 North Meridian, Suite 200 North  
Oklahoma City, OK 73107

EXPLANATION OF SYMBOLS

- (R) - to signify a reduction
- (I) - to signify an increase
- (C) - to signify changed regulation
- (D) - to signify discontinued rate or regulation
- (N) - to signify new rate or regulation
- (T) - to signify a change in text but no change in rate or regulation
- (M) - to signify material relocated without change
- (S) - to signify a reissued matter
- (Z) - to signify a correction

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**Issued:**

**Effective:**

**Issued By:**

Greg Taylor, House Counsel  
Matrix Telecom, Inc.  
300 North Meridian, Suite 200 North  
Oklahoma City, OK 73107



1. APPLICATION OF TARIFF

- 1.1 This tariff sets forth service offerings, rules, terms and conditions applicable to the furnishing of resold local exchange services by Matrix Telecom, Inc. to Customers within the State of South Carolina.

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**Issued:**

**Effective:**

**Issued By:**

Greg Taylor, House Counsel  
Matrix Telecom, Inc.  
300 North Meridian, Suite 200 North  
Oklahoma City, OK 73107

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2. REGULATIONS

2.1 Definitions

Certain terms used generally throughout this tariff for interexchange common carrier communications channels furnished by the Carrier over its facilities are defined below.

Access Line

A line that provides connection of the Customer's equipment to a local exchange network.

Additional White Pages Listing

The term "Additional White Pages Listing" denotes any listing of the Subscriber's name, address and telephone number(s) above and beyond the Initial White Pages Listing.

Authorized User

The term "Authorized User" denotes a person, firm, or corporation, who is authorized by the Subscriber to be connected to the service of the Subscriber.

Bit

The term "Bit" denotes the smallest unit of information in a binary system of notation.

Bits Per Second

The term "Bits Per Second" denotes the number of bits transmitted in a one second interval.

Call Forwarding Busy and Don't Answer

This optional feature will reroute all incoming calls to another predefined telephone number when the called telephone number is busy, or does not answer within a determined number of rings. In the event that the called telephone number is busy, or if the telephone number doesn't answer, the Subscriber is charged any additional charges for the call-forwarded call.

---

**Issued:**

**Effective:**

**Issued By:**

Greg Taylor, House Counsel  
Matrix Telecom, Inc.  
300 North Meridian, Suite 200 North  
Oklahoma City, OK 73107

## 2. REGULATIONS, (Continued)

2.1 Definitions, (Continued)Call Forwarding Remote Access

This feature provides customers with the ability to remotely activate and deactivate the forwarding of calls.

Call Forwarding Variable

This optional feature allows all incoming calls directed to a telephone number to be rerouted to another Subscriber defined telephone number. The Subscriber is charged any applicable usage charges for the rerouted call. The user can activate/deactivate Call Forwarding and define a telephone number where all calls will be forwarded.

Call ID

This feature provides the telephone number and name of the incoming calling party. The calling number and name are displayed on a customer-provided compatible display device, which is attached to the customer's telephone number.

Call Return

A per use service that returns the most recent incoming call.

Call Trace

This feature allows the Customer to initiate a trace of the most recent incoming call immediately after terminating the call. Incoming call message detail (date, time and originating telephone number) is provided when suitably equipped facilities exist. The results of the trace are not provided to the Customer directly, but will be provided in response to a request by a law enforcement agency. This feature is blocked unless specifically requested by the Customer to be activated.

Call Waiting

This is a feature that allows an incoming call to a busy telephone line to be waiting while a signal is directed towards the busy line user.

---

**Issued:****Effective:****Issued By:**

Greg Taylor, House Counsel  
Matrix Telecom, Inc.  
300 North Meridian, Suite 200 North  
Oklahoma City, OK 73107

2. REGULATIONS, (Continued)

2.1 Definitions, (Continued)

Carrier

The term "Carrier" denotes Matrix Telecom, Inc.

Carrier's System

The term "Carrier's System" denotes all local exchange facilities being resold by the Carrier to provide local exchange service to its Subscribers.

Central Office End

The term "Central Office End" denotes that end of a foreign exchange channel at which Subscriber has a dial access to a telephone company central office.

Company

See Carrier.

Continuous Redial

A per use service that redials the most recent outgoing call.

Customer

See Subscriber.

Daytime

The term "Daytime" denotes 8:00 AM to but not including 5:00 PM local time at the originating terminal on Monday through Friday, excluding Carrier recognized national holidays.

---

Issued:

Effective:

Issued By:

Greg Taylor, House Counsel  
Matrix Telecom, Inc.  
300 North Meridian, Suite 200 North  
Oklahoma City, OK 73107

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2. REGULATIONS, (Continued)

2.1 Definitions, (Continued)

Duplicate Service

Service furnished at two locations simultaneously when a subscriber's service is moved to a different premises. The move or change of location must be within the same Central Office and the class of service retained.

Evening

The term "Evening" denotes 5:00 PM to but not including 11:00 PM local time at the originating terminal on Sunday through Friday and anytime on Carrier-recognized national holidays except when a lower rate would normally apply.

Exchange Area

The term "Exchange Area" denotes a geographically defined area wherein the telephone industry through the use of maps or legal descriptions sets down specified areas where individual telephone companies hold themselves out to provide communications services.

Foreign Exchange Service

Foreign Exchange Service provides Subscribers with the capability of local dialing in a remote exchange via private line service.

Ground Start

This optional feature provides a type of signaling on a line that allows certain classes of equipment, such as PBXs, to operate properly.

---

**Issued:**

**Effective:**

**Issued By:**

Greg Taylor, House Counsel  
Matrix Telecom, Inc.  
300 North Meridian, Suite 200 North  
Oklahoma City, OK 73107

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2. REGULATIONS, (Continued)

2.1 Definitions, (Continued)

Holidays

The Company recognizes the following holidays for rating purposes: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas.

Hot Line Service

Hot Line Service option provides the Customer with the ability to automatically be connected with another predetermined telephone line in the circuit switched network.

Initial White Pages Listing

The term "Initial White Pages Listing" denotes the initial listing of the Subscriber's name, address and primary telephone number in a "White Pages" directory.

Inside Wire Maintenance

This optional feature covers the cost of repairing wire within the customer's building on the applicable telephone line.

Local Access and Transport Area (LATA)

The term "LATA" denotes a contiguous geographic subdivision containing one or more SMSAs wherein a Bell Operating Company offers tariffed exchange telecommunications services to local Subscribers and provides access and related services to interexchange Carriers. These Carriers transport interexchange traffic of their Customers to other LATAs and to areas served by independent telephone companies.

Local Distribution Area

The term "Local Distribution Area" denotes a geographically contiguous area, defined normally by Telephone Industry Standard Exchange Area boundaries, wherein the Carrier holds itself ready to offer Local Distribution Facilities.

Local Distribution Facility

The term "Local Distribution Facility" denotes the channel provided by the Carrier to connect the Carrier's network terminal office to the Subscriber's premises. Normally, this channel will have a network terminal on one end (Carrier's office) and a Subscriber terminal on the other end (Subscriber's premises).

---

**Issued:**

**Effective:**

**Issued By:**

Greg Taylor, House Counsel  
Matrix Telecom, Inc.  
300 North Meridian, Suite 200 North  
Oklahoma City, OK 73107

## 2. REGULATIONS, (Continued)

2.1 Definitions, (Continued)Message

A completed telecommunication between two telephones, where the called telephone is within the exchange area of the calling telephone.

Message Unit

The unit of measurement for charging for local messages.

Network Circuit

"Network Circuit" denotes a circuit, created by Carrier by means of multiplex equipment, between Carrier's switches which are shared by Subscribers. Shared network circuits will consist of identifiable and discrete circuits between a given city-pair.

Network Terminal

The term "Network Terminal" denotes the physical equipment necessary to terminate Carrier's intercity channels and allow Subscribers to pick up their required individual communications services.

Network Terminal Office

The term "Network Terminal Office" denotes a point on Carrier's system where the intercity communications channels and local distribution facilities are terminated. Other functions such as switching, coordination, testing, and connections with Customer-provided communications channels may also be performed at these points.

Nighttime

The term "Nighttime" denotes 11:00 PM to but not including 8:00 AM local time at the originating terminal Monday through Friday, any time on Saturday, and all day Sunday except 5:00 PM to 11:00 PM.

Non-Directory Listed Number

The term "Non-Directory Listed Number" denotes that the Subscriber's telephone number does not appear in a directory.

---

**Issued:****Effective:****Issued By:**

Greg Taylor, House Counsel  
Matrix Telecom, Inc.  
300 North Meridian, Suite 200 North  
Oklahoma City, OK 73107

2. REGULATIONS (Continued)

2.1 Definitions (Continued)

Non-Published Telephone Number

The term "Non-Published Telephone Number" denotes that the Subscriber's telephone number is not listed in a directory, nor in any directory assistance records.

Premises

The term "Premises" denotes a building or buildings on contiguous property (except railroad rights-of-way, etc.) not separated by a public highway.

Repeat Dialing

This usage sensitive feature automatically redials the telephone number of the most recent outgoing call. If the redialed telephone number is busy, the call will be attempted for a maximum of thirty minutes.

Special Facility

The term "Special Facility" for the purposes of this tariff refers to a communications path (channel) used in conjunction with Carrier's local distribution facilities, comprised of any form or configuration of physical plant for the transmission of communications signals other than a regular voice grade facility.

Speed Dialing

This optional feature permits a Subscriber to dial up to eight telephone numbers by dialing a single digit in the range from 2 - 9. Expanded Speed Dialing holds thirty numbers which are activated by dialing two digits in the range from 2 to 32.

Subscriber

The term "Subscriber" denotes the person, firm, company or corporation, or other entity, having a communications requirement of its own, which contracts for service under this tariff and is responsible for the payment of charges as well as compliance with the Carrier's regulations.

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2. REGULATIONS, (Continued)

2.1 Definitions, (Continued)

Switch

The term "Switch" denotes an electronic device which is used to provide circuit sharing, routing, and control.

Three Way Conference Calling

This feature allows a Subscriber to add a third party to an existing conversation.

Vanity Number

This feature allows a Customer to order a specified telephone number rather than the next available number.

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**2. REGULATIONS (Continued)****2.2 Description of Service**

Matrix Telecom, Inc. is a reseller of local exchange services as set forth in this tariff. When Subscriber's needs cannot be met by the standard service offerings in this tariff, a "special Customer arrangement" package will be designed to fit such unique requirements in accordance with Section 2.18 of this tariff. The Carrier stands ready to provide technical assistance to the Subscriber to the extent of properly matching the Subscriber's equipment with that of the Carrier, in order to help him meet his requirements for service.

**2.3 Undertaking of the Carrier**

- .1 The services of the Carrier will be available as soon as practicable after receipt of an order for service between any and all points of the Carrier's system and to all other points beyond Carrier's system through arrangements with other carriers.
- .2 The obligation of the Carrier to provide service is dependent upon its ability to procure facilities which are required to meet the Subscriber's order for service. The Carrier will make all reasonable efforts to secure the necessary facilities.

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2. REGULATIONS (Continued)

2.4 Liability of the Carrier

- .1 The liability of the Carrier for its willful misconduct or gross negligence which is the sole legal cause of damage or injury is not limited by this tariff. With respect to any other claim or suit, by a subscriber or by any others, for damages associated with acts or omissions involving initiation, installation, provision, termination, maintenance, repair, interruption or restoration of any service or facilities offered under this tariff, the Carrier's liability, if any, is limited to the lesser of \$500 or the actual damages or injury sustained, which in the event of any failure of service shall be deemed to be 1/30 of the monthly charge for service affected for each 24-hour period during which such failure of service occurs and is reported to or known by the Carrier.
- .2 The Carrier is not liable for any act or omission of any other company or companies furnishing a portion of the service. No agents or employees of other Carriers shall be deemed to be agents or employees of the Carrier.

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2. REGULATIONS (Continued)2.4 Liability of the Carrier (Continued)

- .3 The Carrier shall be indemnified and held harmless by the Customer against:
- A. Claims for libel, slander, infringement of copyright or unauthorized use of any trade mark, trade name or service mark arising out of the material, data, information, or other content transmitted by the Customer over the Carrier's facilities; and
  - B. Claims for patent infringement arising from combining or connecting the Carrier's facilities with apparatus and systems of the Customer; and
  - C. All other claims arising out of any act or omission of the Customer in connection with any service provided by the Carrier.
- .4 The Carrier will, as a service to the Customer, arrange for listing the Customer's telephone number in the local telephone directory, such listing to consist of one line of standard type in the directory. In the absence of gross negligence or willful misconduct, the Carrier will not be liable to the Customer, or any third party, for any claims, damages, or otherwise, but not limited to any omitted listings from or erroneous listings in the local telephone directory due to the negligence on the part of the Local Exchange Carrier. When the Carrier agrees to keep a number unlisted, it does so without any obligation. Except for cases of gross negligence or willful misconduct, the Carrier is not liable for any damages that might arise from the publishing of a non-published number in a directory or its disclosure to someone. If, in error, the telephone number is published in a directory, the Carrier's only obligation is to credit or refund any monthly charges the Customer paid for non-published service.
- .5 The Carrier makes no warranties or representations, express or implied either in fact or by operation of law, statutory or otherwise, including warranties of merchantability and fitness for a particular use, except those expressly set forth herein.

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## 2. REGULATIONS (Continued)

2.5 Obligations of the Subscriber

- .1 The Carrier shall be indemnified and held harmless by the Subscriber against claims of libel, slander, or the infringement of copyright, or for the unauthorized use of any trademark, trade name, or service mark, arising from the material transmitted over the channels, against claims for infringement of patents arising from, combining with, or using in connection with, lines furnished by the Carrier, apparatus and systems of the Subscriber, and against all other claims arising out of any act or omission of the Subscribers in connection with the channels provided by the Carrier.
- .2 The facilities provided by the Carrier may be terminated in Subscriber-provided terminal equipment or Subscriber-provided communication systems. When such terminations are made, the Subscriber shall comply with the minimum protective criteria generally accepted in the telephone industry or other appropriate criteria as may be prescribed by the Carrier and as specified in Part 68 of the Federal Communications Commission's Rules which provides the technical and procedural standards under which the Subscriber's equipment may be directly connected to the public switched network.
- .3 The equipment and facilities which are connected with those of the Carrier shall be constructed, operated, and maintained by those providing same so as to work satisfactorily with the service furnished by the Carrier. Such equipment and facilities shall be suitable to avoid hazard or damage to Carrier's plant or of injury to Carrier's employees or to the public because of the character of location of such equipment or facilities and sources of power to which it is connected. In cases in which additional protection equipment is required, this shall be provided by the Subscriber or by the Carrier at the Subscriber's expense.

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2. REGULATIONS (Continued)

2.5 Obligations of the Subscriber (Continued)

- .4 Upon notice from the Carrier that the equipment or facilities of the Subscriber, or of others so authorized to be connected, is causing or is likely to cause hazard or interference, the Subscriber, or others so authorized to be connected, shall make such changes as may be necessary to remove or prevent such hazard or interference.
- .5 The Subscriber shall be liable for:
  - A. Reimbursing the Carrier for all loss through theft, fire, flood or other catastrophes, of the equipment or facilities on Subscriber's premises.
  - B. Reimbursing the Carrier for damages to facilities or equipment caused by the negligence or willful acts of the Subscriber's officers, employees, agents, or contractors.
  - C. Payment for all services, including calls placed by or through Subscriber's equipment by any person. In particular and without limitation to the foregoing, the Subscriber is responsible for any call placed by or through the Subscriber's equipment via any remote access features.
  - D. Payment of any sales, use, excise, access or other local, State and federal taxes, charges or surcharges imposed on or based upon the provision, sale or use of the Carrier's services.
  - E. Payment for new local access line costs or other time and material charges imposed on the Carrier by a Local Exchange Carrier as a prerequisite for installing or maintaining the Customer's service, and not already recovered via the Carrier's existing recurring or nonrecurring charges.

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**2. REGULATIONS (Continued)****2.5 Obligations of the Subscriber (Continued)**

- .6 When a Customer chooses to place an intraLATA Message Toll Service or Directory Assistance call (including Call Completion) via their incumbent Local Exchange Carrier, or chooses to place an information services provider call, the Customer shall be solely liable for such calls, including any and all charges related to such calls when the charges are initially billed to the Company by the Local Exchange Carrier or information services provider. When a Customer elects to make or receive calls via a carrier other than the Company, the Customer shall be solely liable for such calls, any and all charges related to such calls (when the charges are initially billed to the Company by the information services provider or other carrier), and a 10% rebilling charge.

**2.6 Use of Service**

Neither Subscribers, or their authorized users may use the services furnished by the Carrier for any unlawful purpose.

**2.7 Application of Service**

The Carrier will require a Subscriber to sign an application form furnished by the Carrier and to establish his credit as provided in these Regulations, as a condition precedent to the initial establishment of such service. Carrier's acceptance of an order for service to be provided to an applicant whose credit has not been duly established to the sole and exclusive satisfaction of the Carrier may be subject to the provisions as described in Section 2.9. This application shall state the date on which service is to begin, the type of facilities required, and any special arrangements related thereto.

The Carrier will also require a signed authorization from a Subscriber for additions to or changes in the existing service of such Subscriber.

**2.8 Minimum Service Period**

The minimum period for service will be one month (30 days) unless otherwise stated.

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2. REGULATIONS (Continued)2.9 Advance Payments and Deposits

Each service applicant will be required to establish credit. Any applicant whose credit has not been duly established to the sole and exclusive satisfaction of the Carrier may be required to make an advance payment or a deposit to be held as a guarantee of payment of charges at the time of application. In addition, an existing Customer may be required to make a deposit or increase a deposit presently held.

## .1 Advance Payments

- A. An advance payment may not exceed the estimated charges for three (3) months' service plus installation.
- B. Credit and advance payment equal to one (1) months charges plus installation will be applied to the Subscriber's account on the first bill rendered after the service is installed. Balance of payment will be applied to successive monthly billings.

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2. REGULATIONS (Continued)2.9 Advance Payments and Deposits ( continued)

## .2 Deposits

- (A) The Company reserves the right to examine the credit record of the Customer, using any lawful sources for determining credit standing. If the Customer's financial condition is unknown or unacceptable to the Company, the Customer may be required to provide the Company with a security deposit which the Company may apply against overdue charges. The amount of the security deposit shall be no more than two month's estimated usage but may vary downward based on the Customer's credit history and projected usage. The customer shall be apprised that after one year of service the Account shall be reviewed, and in the event that all amounts due have been paid within the terms and conditions of this tariff, the deposits shall be refunded in full. If subsequent payment or usage patterns change, the Company may request an increase in or resubmission of the security deposit as appropriate. The Company may also require a security deposit before service is restored (along with the payment of overdue charges) from the Customer whose service has been discontinued for nonpayment of overdue charges. Such security deposit may be based on a new credit history (taking into account the discontinuance of service) and estimates of usage. Interest at the rate prescribed by SCPSC per annum is allowed to the Customer during the continuance of the deposit, payable as follows: on demand of the depositor at any time, but not more than once a year, upon application of the depositor for discontinuance of service, or, at the end of each five year period if request for payment of interest or discontinuance of service has not been previously made. If held until discontinuance of service, such deposits and accrued interest, less any amount due the Company, is upon such discontinuance returnable to the Customer.
- (B) The fact that a deposit has been made in no way relieves the Subscriber from complying with the regulation with respect to advance payments and prompt payment of bills on presentation.

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2. REGULATIONS (Continued)

2.10 Payment of Charges

For the purpose of billing, the start of service is the day of acceptance by the Customer of the Carrier's service.

All recurring charges which are determinable in advance, including minimum charge, are billed monthly in advance. Charges based on actual usage during a month will be billed monthly in arrears. Installation and other nonrecurring charges are payable upon demand by Carrier. Subscriber will be billed for all usage accrued beginning immediately upon access to the service. For the purpose of computing charges, a month is considered to consist of 30 days.

When service does not begin on the first day of the month, or end on the last day of the month, the charge for the fraction of the month service was furnished may be calculated on a pro rata basis. For this purpose, every month is considered to have thirty 30 days.

2.11 Late Payment Charge

Customer bills for telephone service are due when they are rendered. A Customer is in default unless payment is made on or before the due date specified on the bill.

If payment is not made within 20 days of the date of the bill, a late payment charge of 1.5% (unless a lower rate is prescribed by law) per monthly billing period will be applied to all amounts previously billed under the Company's tariff(s).

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**2. REGULATIONS (Continued)****2.12 Disputed Bills**

The Customer shall give the Carrier prompt written notice of any disputed charges appearing on an invoice. After receiving notice of a dispute, the Carrier shall take reasonable steps to resolve such disputes. The Customer shall pay all non-disputed charges while resolution of the disputed charges is pending.

In the event that legal action is instituted by Carrier to recover any sums then due and Carrier prevails, Carrier shall be entitled to recover its costs of collection, legal costs, court costs and reasonable attorneys' fees, in addition to whatever other relief the court may award. Any sums then due shall earn interest at the rate of 1.5% simple interest per month (unless a lower rate is prescribed by law, in which event at the highest rate allowed by law), from the date these sums were accrued until the entire debt is paid in full. The Carrier will make no refund of overpayments by a Customer unless the claim for such overpayment together with proper evidence be submitted within one year of the date of alleged overpayment.

**2.13 Disconnection for Cause**

The Carrier, by written notice via First Class U.S. mail at least fifteen (15) days in advance to the Subscriber or applicant, may discontinue service without incurring any liability for any of the following reasons:

- (a) Non-payment of any sum due to the Carrier for service for more than 30 days beyond the date of rendition of the bill for such service; or
- (b) Use of telephone service in a manner which is unlawful under the laws of the State of Maryland or of the United States, or which is in violation of any tariff approved by the Department of Public Utilities; or
- (c) The Carrier is prohibited from furnishing service by order of a court or other government authority having jurisdiction.

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## 2. REGULATIONS (Continued)

2.14 Cancellation of Service By A Customer

If a Customer cancels his order for service before the service begins, before completion of the minimum period, or before completion of some other period mutually agreed upon by the Customer and the Carrier, a charge will be levied upon the Customer for the nonrecoverable portions of expenditures or liabilities incurred expressly on behalf of the Customer by the Carrier and not fully reimbursed by installation and monthly charges. If, based on an order by a Customer, any construction has either begun or been completed, but no service provided, the nonrecoverable cost of such construction shall be charged to the Customer.

2.15 Disconnection of Service

Subscriber may disconnect service at any time following the minimum service requirement as described in Section 2.8. Written notification to the Carrier will be required 30 days prior to the disconnection of service.

2.16 Interruption of Service

It shall be the obligation of the Subscriber to notify the Carrier of any interruption in service. Before giving such notice, the Subscriber shall ascertain that the trouble is not being caused by any action or omission of the Subscriber, not within his control, or is not in wiring or equipment connected to the terminal of the Carrier.

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## 2. REGULATIONS (Continued)

2.17 Credits

- .1 Credit allowance for interruptions of service which are not due to the Carrier's testing or adjusting, or due to the negligence of the Customer, or to the failure of channels, equipment and/or communications systems provided by the Customer, are subject to the general liability provisions set forth in Section 2.4 herein.
- .2 Credit for failure of service or equipment will be allowed only when such failure is caused by or occurs in facilities or equipment provided by the Carrier.
- .3 No credit will be allowed:
  - (A). For failure of service or equipment due to Customer or authorized user-provided facilities.
  - (B). For failure of service or equipment due to negligence or willful acts of the Customer or his authorized user.
  - (C). For unauthorized use by agents, employees, or representatives of the Customer.
- .4 Credit is computed by multiplying the monthly rate for the service by the ratio that the number of days (including fractional parts calculated to the nearest full day) in the period of interruptions bears to 30. (For the purpose of this computation, each month shall be considered to have 30 days). The monthly bill on which the credit will be based for message service shall be the nonusage sensitive billing for the month during which the interruption occurred. An interruption is measured from the time the Carrier detects trouble, or the Subscriber notifies the Carrier of the interruption by an expeditious means, until the trouble is cleared. Each interruption is considered separately for purposes of establishing credit allowance.

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2. REGULATIONS (Continued)

2.18 Special Customer Arrangements

In cases where a Customer requests special arrangements which may include engineering, installation, purchase or lease of facilities, and/or other special services not offered under this tariff, Carrier, at its option, will provide the requested services. Appropriate recurring and/or nonrecurring charges will be developed accordingly and filed with the Department for tariff approval.

2.19 Connection with Other Communications Services

A Subscriber may connect communications services provided by other duly authorized and regulated common Carriers to Carrier's service. A Subscriber may also connect with privately owned communications systems, subject to the technical limitations established by Carrier.

2.20 Returned Check Charge

A fee will be assessed for all checks returned by the drawee bank for: insufficient or uncollected funds, closed account, apparent tampering, missing signature or endorsement, or any other insufficiency or discrepancy necessitating return of the instrument at the discretion of the drawee bank. The amount of the fee will be consistent with the amount permitted under applicable state law.

2.21 Special or Promotional Offerings

From time to time, the Carrier may provide certain special or promotional offerings to introduce a current or potential Subscriber to a service not being used by the Subscriber. These offerings may be limited to certain dates, times or locations and may waive or reduce recurring or nonrecurring charges. All such promotions will be filed with the Department for tariff approval.

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3. SERVICE DESCRIPTION AND RATES

3.1 Local Calling Areas

The local calling area of the Company is the same calling scope provided by the incumbent local exchange carrier(s) which served the same originating exchange.

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3. SERVICE DESCRIPTION AND RATES (Continued)3.2 Resold Local Exchange Services

Resold Local Exchange Service (RLES) is composed of the resale of exchange access lines, optional line features, and local calling, provided by authorized Local Exchange Carriers. RLES provides the Customer with the ability to originate and receive calls to/from all other stations on the public switched telecommunications network. Per Call and Per Minute Local Usage Charges as specified below will be applied to all direct dialed local calls. Monthly Recurring and Non-recurring Charges will be imposed as specified below. Monthly Recurring Charges will be applied in advance.

RLES is available to single and multi-line business Customers and is furnished subject to the availability of Local Exchange Carrier facilities.

.1 Line Rates and Charges

RLES Customers will be charged applicable recurring, non-recurring, and usage charges as specified below.

.1 Local Access Line

The Local Access Line charge includes all applicable federal and State-mandated telecommunications surcharges.

**MAXIMUM**  
Monthly Recurring  
Charge

Rate groups include total main  
station lines and non DID analog  
PBX trunks

a) Group 1 (1-7,000 lines)	\$80.00
b) Group 2 (7,001-15,000 lines)	82.00
c) Group 3 (15,001-28,500 lines)	85.00
d) Group 4 (28,501 -50,000 lines)	90.00
e) Group 5 (50,001-78,000 lines)	90.00
f) Group 6 (78,001-125,000 lines)	95.00
g) Group 7 (125,001 lines)	95.00

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## 3. SERVICE DESCRIPTION AND RATES (Continued)

3.2 Resold Local Exchange Services (Continued).1 Line Rates and Charges (Continued).3 Non-recurring Service Installation Charges

## a) Conversion Charge

This charge is applied to existing Local Exchange Carrier lines converted to the Carrier's service. All such lines will retain their current Local Exchange Carrier-assigned telephone numbers.

**MAXIMUM**

Per Line \$20.00

## b) New Line Installation Charge

This charge is applied to initial new line installations on each order for service. A separate charge will be applied to each new line installed as part of the same order for service. All new lines will be assigned a telephone number by the Carrier.

**MAXIMUM**

First Line \$120.00

Each Add'l \$50.00

## c) Restoral Charge

This Charge is applied each time a service is reconnected after suspension or termination for non-payment, but before cancellation of service.

**MAXIMUM**

First Line \$50.00

Each Add'l Line \$20.00

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## 3. SERVICE DESCRIPTION AND RATES (Continued)

3.2 Resold Local Exchange Services (Continued).1 Line Rates and Charges (Continued).4 Optional Line Features

An RLES Customer may order the following optional line features at the Monthly Recurring Charge specified below. Non-recurring installation charges will be applied to all orders for optional services submitted subsequent to initial RLES service installation.

<u>Optional Features, per month</u>	<b>MAXIMUM</b> <u>Monthly</u> <u>Recurring</u> <u>Charge</u>	<b>MAXIMUM</b> <u>Non-recurring</u> <u>Charge</u>
a) Call Forward Variable	\$15.00	\$21.00
b) Call Forward - No Answer	10.00	21.00
c) Call Forward - Busy Line	10.00	21.00
d) Call Forward Remote Access	20.00	21.00
e) Speed Calling (8-Code)	10.00	21.00
f) Speed Calling (30-Code)	15.00	21.00
g) Call Waiting	15.00	21.00
h) Call ID ( Name & Number)	20.00	21.00
i) Three Way Calling	15.00	21.00
j) Hunting / Rotary Line Service (Flat Rate Service)	20.00	21.00
k) Vanity Number *	N/A	21.00
l) Call Forward Busy Line Don't Answer	12.00	3.00
m) Direct Connect Line (Hot Line Service) **	2.00	5.00

\*Subject to the availability of facilities and requested telephone number

\*\*Hot Line Service may be used only in conjunction with individual line service, and is furnished only from central offices which have been arranged to provide this service and is provided subject to the availability of facilities.

Per Activation Features

There are no connection charges associated with the following features:

	<b>MAXIMUM</b>
Continuous Redial	\$0.75 Per Use
Call Return	\$0.75 Per Use
3 Way Calling	\$0.75 Per Use

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## 3. SERVICE DESCRIPTION AND RATES (Continued)

3.2 Resold Local Exchange Services (Continued).1 Line Rates and Charges (Continued).5 Directory Listings

	<b>MAXIMUM</b> Monthly Recurring <u>Charge</u>	<b>MAXIMUM</b> Non-recurring <u>Charge</u>
a) Non-published Telephone Number	\$3.00	\$20.00
b) Non-Directory Listed Number	1.50	20.00
c) Initial White Page Listing	No Charge	No Charge
d) Additional White Pages Listing	2.50	20.00
e) Foreign Listing	2.50	20.00
f) Extra Line Listing	2.50	20.00
g) Cross Reference Listing	2.50	20.00

.6 Call Blocking

Blocking Service is a feature that permits Customers to restrict access from their telephone line to various discretionary services. Unless otherwise noted, there will be no charge for blocking service requested at initial installation. Requests for blocking (or un-blocking) subsequent to the initial installation of service will incur a non-recurring charge. Call Blocking is available as follows:

500, 554, 550, 700, 900, 920, 940, and 976 Blocking - Provides the subscriber with local dialing capabilities to block calls beginning with the 500, 554, 550, 900, 920, 940, and 976 prefixes (i.e. 500-XXX-XXXX) from being placed. Blocking of individual prefixes is not available. Installation charge after initial installation (blocking/un-blocking):

Per Request - No Charge

- b) Toll Restrict (1+ and 0+ Blocking) - provides the subscriber with local dialing capabilities but blocks any Customer-dialed call that has a long distance or operator services charge associated with it.

Toll Restriction will not block the following types of calls: 911 (Emergency), 1+800/888 (Toll Free), and operator assisted calls. Requests for Toll Restrict blocking will incur the following recurring and non-recurring (installation) charge, per request.

**MAXIMUM**

Per Month	\$10.00
Installation	\$20.00

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## 3. SERVICE DESCRIPTION AND RATES (Continued)

3.2 Resold Local Exchange Services (Continued).1 Line Rates and Charges (Continued).8 Presubscribed Interexchange Carrier Charge

Customers may presubscribe RLES local access lines to their intrastate long distance carrier of choice. Following the Customer's initial presubscription of each line, any subsequent change will incur a per line charge.

**MAXIMUM**

Per line	\$20.00
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.9 Operator Assisted Local Calling Surcharge

Local calls may be completed or billed with live or mechanical assistance. Calls may be billed collect to the called party, to an authorized 3rd party number, to the originating line, or to a valid authorized calling card. Local calls may be placed on a station to station basis or to a specified party (see Person to Person), or designated alternate. In addition to the per request surcharge, a per minute usage rate applies to each call. The following per request and per minute charge apply for which live or automated operator assistance is provided for call completion and/or billing.

	<b>MAXIMUM</b> <u>Per Request</u>	<b>MAXIMUM</b> <u>Initial Minute</u> <u>or Fraction</u>	<b>MAXIMUM</b> <u>Add'l Minute</u> <u>or Fraction</u>
Person to Person	\$4.00	\$0.60	\$0.60
3rd Number Billed	1.50	0.60	0.60
Collect	1.50	0.60	0.60
Station to Station	1.50	0.60	0.60
Operator Completed Call			
Operator Completed			
Dialed Rate Applied			
(handicap)	0.00	0.60	0.60
Customer Dialed Calling Card	1.00	0.60	0.60
Operator Assisted Calling Card	1.60	0.60	0.60

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## 3. SERVICE DESCRIPTION AND RATES (Continued)

3.2 Resold Local Exchange Services (Continued).1 Line Rates and Charges (Continued).10 Directory Assistance Local Call, Direct Dialed

A Directory Assistance charge applies for each telephone number, area code, and/or general information requested from the Directory Assistance operator. The charge listed below applies for each request made to the Directory Assistance operator.

**MAXIMUM**

Per Request	\$1.000
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.11 Directory Assistance Local Call Completion (DACC)

Directory Assistance Call Completion allows the Customer the option to have their local calls completed to a requested number by Directory Assistance audio response system that provides the requested number. The DACC charge listed below applies to completed calls only:

**MAXIMUM**

Per Request	\$0.6000
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.12 Special Directory Assistance

Calls to Directory Assistance requesting special billing arrangements (i.e. 3<sup>rd</sup> number billed) as well as operator call completion will incur the following charge per request.

**MAXIMUM**

Per Request	\$2.40
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.13 Directory Assistance Operator Handled

Directory Assistance Operator Handled rate applies when the Customer requests that their local call for a requested number be completed by the Directory Assistance Operator. The Directory Assistance Operator Handled charge listed below applies to completed calls only:

**MAXIMUM**

Per Request	\$2.40
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3. SERVICE DESCRIPTION AND RATES (Continued)3.2 Resold Local Exchange Services (Continued).1 Line Rates and Charges (Continued).14 Busy Line Verification

Busy Line Verification (BLV) allows the caller, with the assistance of an operator, to check the status of a busy signaling line.

**MAXIMUM**

Per Request \$0..80

.15 Busy Line Verification Billed to 3rd Number

Busy Line Verification Billed to 3rd Party allows the caller, with the assistance of an operator, to check the status of a busy signaling line and have the charge billed to a 3rd Number or special billing number.

**MAXIMUM**

Per Request \$2.40

.16 Busy Line Verification, Emergency Interrupt

Busy Line Verification, Emergency Interrupt allows a caller, with the assistance of an operator, to check the status of a busy signaling line and also to interrupt the call in progress on that line to verify parties use of the line.

**MAXIMUM**

Per Request \$ 1.90

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## 3. SERVICE DESCRIPTION AND RATES (Continued)

3.2 Resold Local Exchange Services (Continued).1 Line Rates and Charges (Continued).17 Private Branch Exchange (PBX) Service

The Company's PBX Service uses PBX Trunks to connect to a customer PBX system or other similar equipment. Standard trunk configurations include Direct Inward Dialing (DID), Direct Outward Dialing (DOD) and Combination Trunks. This service provides customers with unrestricted local calling and Carrier Access. The Company treats these trunks similar to individual exchange lines and supports multi-line hunting over a group of trunks. Service is billed based on monthly usage, together with monthly recurring charges. Installation charges also apply. Depending on facilities, optional features noted elsewhere in this tariff may or may not be available.

<u>Flat Rated Trunks</u>	<u>MAXIMUM Non-Recurring</u>	<u>MAXIMUM Monthly Recurring</u>
PBX Trunk Rate Group 1 - Initial	\$180.00	\$156.00
PBX Trunk Rate Group 2 - Initial	180.00	165.00
PBX Trunk Rate Group 3 - Initial	180.00	171.00
PBX Trunk Rate Group 4 - Initial	180.00	179.00
PBX Trunk Rate Group 5 - Initial	180.00	186.00
PBX Trunk Rate Group 6 - Initial	180.00	192.00
PBX Trunk Rate Group 7 - Initial	180.00	198.00
PBX Trunk Rate Group 1 - Add'l	\$74.25	\$156.00
PBX Trunk Rate Group 2 - Add'l	74.25	165.00
PBX Trunk Rate Group 3 - Add'l	74.25	171.00
PBX Trunk Rate Group 4 - Add'l	74.25	179.00
PBX Trunk Rate Group 5 - Add'l	74.25	186.00
PBX Trunk Rate Group 6 - Add'l	74.25	192.00
PBX Trunk Rate Group 7 - Add'l	74.25	198.00

.18 Change in Type of Service Charge

	<u>MAXIMUM</u>
Per 1st Trunk	\$70.00
Per Add'l Trunk	24.00

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3.2 Resold Local Exchange Services (Continued).1 Line Rates and Charges (Continued).19 Private Branch Exchange Optional Features

	<b>MAXIMUM</b> Monthly Recurring <u>Charge</u>	<b>MAXIMUM</b> Non-recurring <u>Charge</u>
a) Call Forward Variable	\$14.00	\$21.00
b) Call I D Blocking	21.00	21.00
c) Toll Restrict Blocking (1+, 0+)	11.00	21.00

.20 Direct Inward Dial (DID) Service

DID Service is an optional feature which can be purchased in conjunction with Company-provided PBX Trunks. DID Service transmits the dialed digits for all incoming calls allowing the Customer's PBX to route incoming calls directly to individual stations corresponding to each individual DID number. Charges for DID capability and DID number blocks apply in addition to charges specified for PBX trunks. One additive charge applies for each DID-equipped PBX trunk. Telephone numbers are only furnished in blocks of 20 numbers. Blocks of number groups will be determined at the sole discretion of the Company's resources. Whenever possible, the Company will attempt to provide telephone numbers arranged consecutively in a group, but will not guarantee nor accept responsibility for provision of such an arrangement within or between a block of 20 numbers. In addition, the Company reserves the right to review vacant DID stations or stations not in use to determine efficient telephone number utilization. Should the Company determine, based on its own discretion, that there is inefficient number utilization, the Company may reassign the DID numbers.

The Customer has no property rights to the telephone number or any other call number destination associated with DID service furnished by the Company, and no right to the continuance of service through any particular end office. The Company reserves the right to change such numbers, or the end office designation associated with such numbers, or both, assigned to the Customer, whenever the Company deems it necessary to do so in the conduct of its business.

Where all numbers in a number group have not been connected for service, the Customer is responsible for providing interception of calls to vacant or non-working assigned station lines or telephone numbers by means of attendant intercept or recorded announcement service. The Company will not terminate these numbers to an intercept message on the Customer's behalf.

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3.2 Resold Local Exchange Services (Continued).1 Line Rates and Charges (Continued).18 Direct Inward Dial (DID) Service (Continued)

<u>Flat Rated Trunks</u>	<u>MAXIMUM Non-Recurring</u>	<u>MAXIMUM Monthly Recurring</u>
DID CO Termination- Initial	\$255.00	\$105.00
DID CO Termination- Add'l	255.00	105.00
For initial 20 DID Station Numbers	142.00	42.00
For each additional group 20 DID station numbers	22.25	18.50

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**CURRENT RATES****.1     Line Rates and Charges****.1     Local Access Line****Monthly Recurring  
Charge**

a) Group 1 (1-7,000 lines)	\$40.55
b) Group 2 (7,001-15,000 lines)	42.10
c) Group 3 (15,001-28,500 lines)	43.85
d) Group 4 (28,501 -50,000 lines)	45.25
e) Group 5 (50,001-78,000 lines)	47.18
f) Group 6 (78,001-125,000 lines)	48.75
g) Group 7 (125,001 lines)	50.25

**.2     Non-recurring Service Installation Charges**

a)     Conversion Charge	
Per Line	\$10.00
b)     New Line Installation Charge	
First Line	\$60.75
Each Add'l	\$24.75
c)     Restoral Charge	
First Line	\$25.00
Each Add'l Line	\$9.00

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**CURRENT RATES (continued)****.1 Line Rates and Charges (Continued)****.3 Optional Line Features**

<u>Optional Features, per month</u>	<u>Monthly Recurring Charge</u>	<u>Non-recurring Charge</u>
a) Call Forward Variable	\$4.70	\$9.50
b) Call Forward - No Answer	2.80	9.50
c) Call Forward - Busy Line	2.80	9.50
d) Call Forward Remote Access	8.50	9.50
e) Speed Calling (8-Code)	4.70	9.50
f) Speed Calling (30-Code)	5.65	9.50
g) Call Waiting	4.70	9.50
h) Call ID ( Name & Number)	9.45	9.50
i) Three Way Calling	4.70	9.50
j) Hunting / Rotary Line Service (Flat Rate Service)	10.15	9.50
k) Vanity Number *	N/A	9.50
l) Call Forward Busy Line Don't Answer	5.50	9.50
m) Direct Connect Line (Hot Line Service) **	.50	1.90

\*Subject to the availability of facilities and requested telephone number

\*\*Hot Line Service may be used only in conjunction with individual line service, and is furnished only from central offices which have been arranged to provide this service and is provided subject to the availability of facilities.

**Per Activation Features**

Continuous Redial	\$0.75 Per Use
Call Return	\$0.75 Per Use
3 Way Calling	\$0.75 Per Use

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**CURRENT RATES (continued)****.1     Line Rates and Charges (Continued)****.5     Directory Listings**

	<u>Monthly Recurring Charge</u>	<u>Non-recurring Charge</u>
a) Non-published Telephone Number	\$1.65	\$9.50
b) Non-Directory Listed Number	0.75	9.50
c) Initial White Page Listing	No Charge	No Charge
d) Additional White Pages Listing	1.15	9.50
e) Foreign Listing	1.15	9.50
f) Extra Line Listing	1.15	9.50
g) Cross Reference Listing	1.15	9.50

**.6     Call Blocking****a) 500, 554, 550, 700, 900, 920, 940, and 976 Blocking**

Per Request - No Charge

**Toll Restrict (1+ and 0+ Blocking)**

Per Month	\$4.25
Installation	\$9.50

**.8     Presubscribed Interexchange Carrier Charge**

Per line                      \$10.00

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**CURRENT RATES (continued)**.1 Line Rates and Charges (Continued)

.9 Operator Assisted Local Calling Surcharge

	<u>Per Request</u>	<u>Initial Minute or Fraction</u>	<u>Add'l Minute or Fraction</u>
Person to Person	\$2.00	\$0.31	\$0.31
3rd Number Billed	0.80	0.31	0.31
Collect	0.80	0.31	0.31
Station to Station	0.80	0.31	0.31
Operator Completed Call			
Operator Completed			
Dialed Rate Applied			
(handicap)	0.00	0.31	0.31
Customer Dialed Calling Card	0.35	0.31	0.31
Operator Assisted Calling Card	0.80	0.31	0.31

.10 Directory Assistance Local Call, Direct Dialed

Per Request	\$0.4000
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.11 Directory Assistance Local Call Completion (DACC)

Per Request	\$0.3000
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**CURRENT RATES (continued)**

.1	<u>Line Rates and Charges (Continued)</u>		
.12	<u>Special Directory Assistance</u>		
	Per Request		\$1.20
.13	<u>Directory Assistance Operator Handled</u>		
	Per Request		\$1.20
.14	<u>Busy Line Verification</u>		
	Per Request		\$0..40
.15	<u>Busy Line Verification Billed to 3rd Number</u>		
	Per Request		\$1.20
.16	<u>Busy Line Verification, Emergency Interrupt</u>		
	Per Request		\$ 0.85

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.1 Line Rates and Charges (Continued).17 Private Branch Exchange (PBX) Service

<u>Flat Rated Trunks</u>	<u>Non-Recurring</u>	<u>Monthly Recurring</u>
PBX Trunk Rate Group 1 - Initial	\$60.75	\$52.50
PBX Trunk Rate Group 2 - Initial	60.75	55.00
PBX Trunk Rate Group 3 - Initial	60.75	57.25
PBX Trunk Rate Group 4 - Initial	60.75	59.50
PBX Trunk Rate Group 5 - Initial	60.75	62.00
PBX Trunk Rate Group 6 - Initial	60.75	64.25
PBX Trunk Rate Group 7 - Initial	60.75	66.75
PBX Trunk Rate Group 1 - Add'l	\$24.75	\$52.50
PBX Trunk Rate Group 2 - Add'l	24.75	55.00
PBX Trunk Rate Group 3 - Add'l	24.75	57.25
PBX Trunk Rate Group 4 - Add'l	24.75	59.50
PBX Trunk Rate Group 5 - Add'l	24.75	62.00
PBX Trunk Rate Group 6 - Add'l	24.75	64.25
PBX Trunk Rate Group 7 - Add'l	24.75	66.75

.18 Change in Type of Service Charge

Per 1st Trunk	\$23.50
Per Add'l Trunk	8.50

.19 Private Branch Exchange Optional Features

	<u>Monthly Recurring Charge</u>	<u>Non-recurring Charge</u>
a) Call Forward Variable	\$7.60	\$9.50
b) Call I D Blocking	N/C	9.50
c) Toll Restrict Blocking (1+, 0+)	5.20	9.50

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.1 Line Rates and Charges (Continued)

.20 Direct Inward Dial (DID) Service

<u>Flat Rated Trunks</u>	<u>Non-Recurring</u>	<u>Monthly Recurring</u>
DID CO Termination- Initial	\$85.00	\$35.50
DID CO Termination- Add'l	85.00	35.50
For initial 20 DID Station Numbers	47.50	3.75
For each additional group 20 DID station numbers	14.00	3.75

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**Management Team**

The Company has assembled a highly qualified management team with extensive experience within the telecommunications industry. The Company believes that it can draw upon the past experiences of its collective management team to continue the development and execution of its business plan. The Company's management team has developed start-up enterprises into major telecommunications companies.

***Dennis Smith, President*** – 41, over 16 years of telecom experience. Hired by Platinum Equity Holdings (PEH) in Jun 1998 as Vice President – Business Development responsible for PEH's expansion into the telecommunications sector. He was named President of Matrix in Feb 2002. Mr. Smith served in various management positions within network and operations with ATC Long Distance (subsequently LDDS, WilTel, and WorldCom) from 1987 to 1997. Mr. Smith was named as Vice President – Operations for Zenex Communications in 1997 and served until joining PEH in Jun 1998. Mr. Smith holds a degree in Microcomputer Electronics from Oklahoma State University.

***Charles G. Taylor, Jr., Chief Financial Officer*** – 46, over 17 years of telecom experience. Hired as CFO in October 2001 with responsibility for all finance, accounting, collections and regulatory affairs. Formerly Founder and VP – Finance for VarTec Telecom (1987 – 1990), Founder and COO for Matrix Telecom, Inc. (1990 – 1996), EVP – Retail Business Development for Pacific Gateway Exchange (1996 – 2000) and Founder and President of Local Gateway Exchange (2000 – 2001). Mr. Taylor graduated cum laude with a BS-Accounting from Lamar University and has been a Certified Public Accountant in Texas since 1984.

***Greg S. Taylor, Vice President and General Counsel*** – 39, over 11 years of telecom experience. Prior to his appointment as General Counsel for Matrix, he served as Directory – Legal & Regulatory Affairs for DCA Services, a well-known industry provider of billing and back-office services to the telecommunications and cable television industry. Prior to his work at Matrix and DCA, he served in various operating management roles with Zenex Communications and TouchTone Solutions, Inc. Mr. Taylor has a Juris Doctor from Oklahoma City University, a Master of Arts in Communications from Regent University, and a Bachelor of Science in Business Administration from Southern Nazarene University.

***Stephanie Reese, Executive Vice President – Sales and Marketing*** – 36, over 6 years of telecom experience and over 15 years of marketing and management. Ms. Reese has worked with companies such as American Airlines, Philip Morris, Coca-Cola, WebLink Wireless and BeautiControl Cosmetics. She also owned and operated her own private consulting business for three years specializing in marketing management, financial consulting and strategic planning for small and medium sized companies. Ms. Reese earned her BBA in Marketing Management from the University of North Texas. And has an MBA with emphasis in Marketing from the University of Texas in Austin.

*Steve Aduddell, Vice President* – 53, over 24 years of telecom switching and operations experience in management positions with Southwestern Bell Telephone, AT&T Communications, Access Communications Services, Zenex Communications, and Lorecom Technologies. He has successfully guided Matrix over the last three (3) years from a switchless reseller to a facilities-based provider of telecom services. He is a graduate of Central State University in Edmond, Oklahoma.